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**VILLAGE OF NORTH HODGE
LOUISIANA**

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/15/09

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VILLAGE OF NORTH HODGE, LOUISIANA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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DON M. MCGEHEE

(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

ACCOUNTANT'S REVIEW REPORT

Honorable Geraldine Causey, Mayor and
Board of Aldermen
Village of North Hodge
P.O. Box 520
Hodge, Louisiana 71247

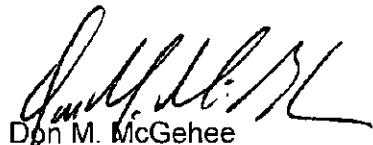
I have reviewed the accompanying financial statements of the government activities, business type activities, and each major fund of the Village of North Hodge, Louisiana, as of and for the year ended September 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. All information in these financial statements is the representation of the management of the Village of North Hodge.

My review was conducted in accordance with *Statements on Standards for Accounting and Review Services*, issued by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Village personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 27, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated March 30, 2009, on the results of my agreed-upon procedures.



Don M. McGehee
Certified Public Accountant
March 30, 2009

**REQUIRED SUPPLEMENTAL INFORMATION
(PART I)**

VILLAGE OF NORTH HODGE

*P.O. Box 520
Hodge, Louisiana 71247*

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2008

The Village has adopted the reporting principles and methods of the Governmental Accounting Standards Board's (GASB) Statement No. 34. This statement requires a "management's discussion and analysis" (MD&A) to be presented in the financial reports which include the basic financial statements. The MD&A provides an overview of the financial activities of the Village based upon currently know facts, decisions, and conditions. Our MD&A follows; please read it in conjunction with the financial statements which begin on page 8.

Basic Financial Statements

The basic financial statements include government-wide and fund financial statements. The government-wide statements consist of a Statement of Net Assets and a Statement of Activities and provide information about the financial activities of the Village as a whole. The government-wide statements present a long-term view of our finances. Fund financial statements consist of the respective fund's balance sheet and the fund's statement of revenues, expenditures and changes in fund balance, if applicable. The fund statements tell how the Village's services were financed in the short-term and what remains for future spending. The primary difference between the fund and government-wide statement presentation methods is that expenditures for capital assets are expensed in the fund financial statements but capitalized and depreciated in the government-wide statements.

Statement of Net Assets and Statement of Activities

One of the most important questions asked about our finances is, "Is the Village of North Hodge as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report the Village's net assets and the changes in the net assets. You can think of net assets - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of the Village. Increases/(decreases) in the Village's net assets are one indicator of whether its financial health is improving/(deteriorating). You will need to consider other nonfinancial factors, however, such as changes in the Village's tax base and the condition of the Village's roads, to assess the overall health of the Village.

In the Statement of Net Assets and Statement of Activities, there are two kinds of activities:

Governmental Activities - Most of the Village's basic services are reported here, including the police, streets, sanitation, and general and administration. Sales taxes, ad valorem taxes, franchise taxes, fines, and grants finance most of these activities. Expenses primarily include salaries, utilities, and insurance.

Business-Type Activities - The Village's water and sewer system are reported here. The Village charges a fee to customers to cover the cost of these services. These charges finance most of these services. Expenses primarily include depreciation, system repairs and maintenance, and utilities.

Government-Wide Financial Analysis

As noted above, net assets may serve as a useful indicator of the Village's financial position. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the governmental and business-type activities of the Village of North Hodge.

Table 1
Total Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 47,843	\$ 31,773	\$ 56,938	\$ 52,149	\$ 104,781	\$ 83,922
Capital Assets	<u>56,152</u>	<u>13,928</u>	<u>1,292,646</u>	<u>1,333,695</u>	<u>1,348,798</u>	<u>1,347,623</u>
Total Assets	<u>103,995</u>	<u>45,701</u>	<u>1,349,584</u>	<u>1,385,844</u>	<u>1,453,579</u>	<u>1,431,545</u>
Liabilities	<u>4,467</u>	<u>1,803</u>	<u>23,250</u>	<u>26,492</u>	<u>27,717</u>	<u>28,295</u>
Total Liabilities	<u>4,467</u>	<u>1,803</u>	<u>23,250</u>	<u>26,492</u>	<u>27,717</u>	<u>28,295</u>
Net Assets:						
Investment in Capital						
Assets	56,152	13,928	1,292,646	1,333,695	1,348,798	1,347,623
Restricted	22,500	15,000	0	0	22,500	15,000
Unrestricted	<u>20,876</u>	<u>14,970</u>	<u>33,688</u>	<u>25,657</u>	<u>54,564</u>	<u>40,627</u>
Total Net Assets	<u>\$ 99,528</u>	<u>\$ 43,898</u>	<u>\$1,326,334</u>	<u>\$1,359,352</u>	<u>\$1,425,862</u>	<u>\$1,403,250</u>

Total net assets decreased 2% (\$22,612) in the current year compared to the prior year. There were \$54,564 in unrestricted net assets at the end of the current year. Unrestricted net assets can be used to finance the day-to-day operations of the Village without constraints.

The largest portion, \$1,348,798 and \$1,347,623 in 2008 and 2007, respectively, of the Village's net assets are invested in capital assets. These capital assets consist of land, water and sewer system, office furniture, and equipment. The Village uses these capital assets to provide services to its citizens; consequently, capital assets are not available for future spending.

The Village's total net assets include about 2% (\$22,500) and 1% (\$15,000) for 2008 and 2007, respectively, of restricted amounts.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for Services	\$ 21,651	\$ 13,432	\$ 116,166	\$ 78,661	\$ 137,817	\$ 92,093
Operating Grants	7,500	15,000	0	30,000	7,500	45,000
Capital Grants	39,808	0	0	0	39,808	0
General Revenues:						
Taxes	32,517	30,374	0	0	32,517	30,374
Licenses	3,361	3,762	0	0	3,361	3,762
Other	3,860	5,941	744	844	4,604	6,785
Total Revenues	<u>108,697</u>	<u>68,509</u>	<u>116,910</u>	<u>109,505</u>	<u>225,607</u>	<u>178,014</u>
Program Expenses						
General Government	55,134	42,458	0	0	55,134	42,458
Police	24,399	17,337	0	0	24,399	17,337
Streets	9,424	9,922	0	0	9,424	9,922
Water and Sewer	0	0	114,038	145,683	114,038	145,683
Total Expenses	<u>88,957</u>	<u>69,717</u>	<u>114,038</u>	<u>145,683</u>	<u>202,995</u>	<u>215,400</u>
Excess Before Transfers	19,740	(1,208)	2,872	(36,178)	22,612	(37,386)
Transfers	<u>35,890</u>	<u>20,715</u>	<u>(35,890)</u>	<u>(20,715)</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	55,630	19,507	(33,018)	(56,893)	22,612	(37,386)
Net Assets - Beginning	<u>43,898</u>	<u>24,391</u>	<u>1,359,352</u>	<u>1,416,245</u>	<u>1,403,250</u>	<u>1,440,636</u>
Net Assets - Ending	<u>\$ 99,528</u>	<u>\$ 43,898</u>	<u>\$ 1,326,334</u>	<u>\$ 1,359,352</u>	<u>\$ 1,425,862</u>	<u>\$ 1,403,250</u>

Governmental activities were responsible for a \$55,630 increase and a \$19,507 increase in the Village's total net assets for the year ended September 30, 2008 and 2007, respectively. The Village received \$47,308 and \$15,000 in 2008 and 2007, respectively, in grant proceeds for the purchase of equipment and street maintenance.

Business-type activities decreased total net assets \$33,018 for the year ended September 30, 2008, compared to a decrease of \$56,893 to total net assets for 2007. The Village received \$30,000 in an operating grant for the sewer system repairs in 2007. The Village did not generate water and sewer revenues sufficient to cover the operating costs of the water and sewer fund in 2007.

Fund Financial Statements

As of September 30, 2008, the Village's governmental funds reported a fund balance of \$42,705, which is \$12,735 more than last year's fund balance. During 2008, the Village received a state grant for \$24,808 to purchase office furniture and equipment and a federal grant of \$15,000 to purchase a new police car. Although these capital outlay expenditures used grant funds available, it created new assets for the Village, as reported in the Statement of Net Assets.

Amounts reported for business-type activities in the Village's individual funds are identical to the business-type activities reported in the government-wide presentation.

Governmental Funds Budgetary Highlights

The Village of North Hodge amends its budget when it is determined that there are unexpected differences between actual and anticipated revenues and/or expenditures. The final amended budget was adopted July 1, 2008. The differences between the original and final amended budget were a \$7,950 increase in revenues and a \$8,050 increase in expenditures. The change in budgeted revenues was primarily to increase budgeted fine and forfeiture revenues. Various expenditures were adjusted to estimated actual expenditures. There were no other significant budget adjustments.

There was an unfavorable variance between final budgeted expenditures and actual amounts exceeding 5% of the amounts budgeted because capital outlay, which was funded with grants, was not budgeted.

Capital Assets

In 2008, the Village of North Hodge increased the total investment in capital assets \$45,241 in the general fund. For the upcoming year, the Village has no plans to invest in capital assets, except a street project that will be funded by the state. There are no plans to issue debt to finance the purchase of any future project.

Currently Known Facts, Decisions, or Conditions

The Village has increased sewer rates to help fund its business-type activities. We are not aware of any other facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations after the reporting date.

Requests for Additional Information

This financial report is designed to provide citizens and taxpayers with a general overview of the finances of the Village of North Hodge and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village of North Hodge at P.O. Box 520, Hodge, Louisiana 71247.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF NORTH HODGE, LOUISIANA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	Governmental Activities	Business Type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash	\$ 8,141	\$ 23,265	\$ 31,406
Certificate of Deposit	0	5,000	5,000
Accounts Receivable, net	0	16,981	16,981
Taxes Receivable	6,095	0	6,095
Interest Receivable	0	45	45
Prepaid Insurance	4,481	2,417	6,898
Internal Balances	6,626	(6,626)	0
NONCURRENT ASSETS:			
Restricted Assets-Cash	22,500	15,856	38,356
Capital Assets, net	<u>56,152</u>	<u>1,292,646</u>	<u>1,348,798</u>
TOTAL ASSETS	<u>\$ 103,995</u>	<u>\$ 1,349,584</u>	<u>\$ 1,453,579</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	\$ 4,072	\$ 5,128	\$ 9,200
Accrued Payroll	395	238	633
Accrued Expenses	0	2,028	2,028
Utility Relocation Costs	0	230	230
NONCURRENT LIABILITIES:			
Customer Deposits	<u>0</u>	<u>15,626</u>	<u>15,626</u>
TOTAL LIABILITIES	<u>4,467</u>	<u>23,250</u>	<u>27,717</u>
NET ASSETS			
Invested in Capital Assets	56,152	1,292,646	1,348,798
Restricted for Streets	22,500	0	22,500
Unrestricted	<u>20,876</u>	<u>33,688</u>	<u>54,564</u>
TOTAL NET ASSETS	<u>99,528</u>	<u>1,326,334</u>	<u>1,425,862</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 103,995</u>	<u>\$ 1,349,584</u>	<u>\$ 1,453,579</u>

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Program Revenues				Net (Expense) Revenue and		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 55,134	\$ 0	0	\$ 14,271	\$ (40,863)	0	\$ (40,863)
Police	24,399	20,061	0	15,000	10,662	0	10,662
Streets	9,424	1,440	7,500	10,537	10,053	0	10,053
Sanitation	0	150	0	0	150	0	150
TOTAL GOVERNMENTAL ACTIVITIES	88,957	21,651	7,500	39,808	(19,998)	0	(19,998)
BUSINESS-TYPE ACTIVITIES:							
Water and Sewer	114,038	116,166	0	0	0	2,128	2,128
TOTAL PRIMARY GOVERNMENT	202,995	137,817	7,500	39,808	(19,998)	2,128	(17,870)
GENERAL REVENUES:							
Ad Valorem					5,373	0	5,373
Franchise Tax					9,263	0	9,263
Sales Tax					17,881	0	17,881
Licenses					3,361	0	3,361
Investment Earnings					19	744	763
Other Revenue					3,841	0	3,841
TRANSFERS					35,890	(35,890)	0
TOTAL GENERAL REVENUES AND TRANSFERS					75,628	(35,146)	40,482
CHANGE IN NET ASSETS					55,630	(33,018)	22,612
NET ASSETS-BEGINNING					43,898	1,359,352	1,403,250
NET ASSETS-ENDING					\$ 99,528	\$ 1,326,334	\$ 1,425,862

FUND FINANCIAL STATEMENTS

VILLAGE OF NORTH HODGE, LOUISIANA

**BALANCE SHEET
GOVERNMENTAL FUND
GENERAL FUND
SEPTEMBER 30, 2008**

ASSETS

Cash	\$ 8,141
Taxes Receivable	6,095
Prepaid Insurance	4,481
Due from Utility Fund	6,751
Restricted Assets-Cash	<u>22,500</u>

TOTAL ASSETS \$ 47,968

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts Payable	\$ 4,072
Accrued Payroll	395
Due to Utility Fund	125
Deferred Revenue	<u>671</u>

TOTAL LIABILITIES 5,263

FUND BALANCE:

Restricted for Streets	22,500
Unrestricted	<u>20,205</u>

TOTAL FUND BALANCE 42,705

TOTAL LIABILITIES AND FUND BALANCE \$ 47,968

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

Total Fund Balance-Governmental Fund \$ 42,705

Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported
in the governmental funds. 56,152

Certain ad valorem taxes receivable are not available to
pay for current period expenditures and therefore
are recognized as deferred revenues. 671

Net Assets of Governmental Activities \$ 99,528

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE--GOVERNMENTAL FUND TYPE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUES

Taxes:	
Sales	\$ 17,881
Franchise	9,263
Ad Valorem	4,702
Licenses and Permits	3,361
Interest	19
Intergovernmental:	
Right-of-Way Maintenance	1,440
Street Maintenance Grant	7,500
Office Furniture and Equipment Grant	24,808
Police Car Grant	15,000
Fines and Forfeitures	20,061
Charges for Services	150
Miscellaneous	<u>1,252</u>
TOTAL REVENUE	<u>105,437</u>

EXPENDITURES

General Government	54,043
Police	23,774
Highways and Streets	8,123
Capital Outlay	<u>45,241</u>
TOTAL EXPENDITURES	<u>131,181</u>

**DEFICIENCY OF REVENUES
UNDER EXPENDITURES**

(25,744)

OTHER FINANCING SOURCES

Operating Transfer In--Utility Fund	35,890
Sales of General Fixed Assets	<u>2,589</u>
TOTAL OTHER FINANCING SOURCES	<u>38,479</u>

**EXCESS OF REVENUES AND OTHER
SOURCES OVER EXPENDITURES**

12,735

FUND BALANCE-BEGINNING

29,970

FUND BALANCE-ENDING

\$ 42,705

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS **\$ 12,735**

Amounts reported for Governmental Activities in the
Statement of Activities are Different Because:

Governmental Funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. To reconcile the difference in accounting between the fund accounting method and the government-wide method, an adjustment is necessary to recognize the difference by which depreciation expense recognized in the government-wide statements is less than capital outlay in the governmental fund statements. 42,224

Governmental Funds report ad valorem taxes as revenue when collected or available to fund current period expenses. Revenue in the statement of activities is recognized when the taxes become due. An adjustment is required for ad valorem taxes that do not provide current resources:

Accrued revenue for ad valorem taxes that were not received within sixty days of year end, net of amounts received for the previous year not recognized as revenue in that year due to non-collection within sixty days of year end. 671

CHANGE IN NET ASSETS OF GOVERNMENTAL
ACTIVITIES **\$ 55,630**

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA**STATEMENT OF NET ASSETS****PROPRIETARY FUND****SEPTEMBER 30, 2008**

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash	\$ 23,265
Certificate of Deposit	5,000
Accounts Receivable, net	16,981
Interest Receivable	45
Prepaid Insurance	<u>2,417</u>
TOTAL CURRENT ASSETS	<u>47,708</u>
NONCURRENT ASSETS:	
Restricted Cash	<u>15,856</u>
Capital Assets:	
Land	20,127
Buildings	1,955
Equipment	35,067
Water Distribution System	919,986
Sewer Collection System	1,052,753
Less: Accumulated Depreciation	<u>(737,242)</u>
Capital Assets, net	<u>1,292,646</u>
TOTAL ASSETS	<u>1,356,210</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable	5,128
Accrued Payroll	238
Accrued Expenses	2,028
Due to General Fund	6,626
Utility Relocation Costs	<u>230</u>
TOTAL CURRENT LIABILITIES	<u>14,250</u>
NONCURRENT LIABILITIES:	
Customer Deposits	<u>15,626</u>
TOTAL LIABILITIES	<u>29,876</u>
NET ASSETS	
Invested in Capital Assets	1,292,646
Unrestricted	<u>33,688</u>
TOTAL NET ASSETS	<u>\$ 1,326,334</u>

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Water and Sewer Enterprise Fund</u>
OPERATING REVENUES	
Water Sales	\$ 90,853
Sewer Sales	20,190
Delinquent Fees	2,038
Connecting and Reconnecting Fees	1,950
Miscellaneous	<u>1,135</u>
TOTAL OPERATING REVENUES	<u>116,166</u>
OPERATING EXPENSES	
Depreciation	41,049
Dues	200
Equipment Maintenance and Repairs	1,840
Equipment Operating Expense	2,815
Insurance	6,129
Legal and Accounting	2,625
Office Supplies	1,121
Outside Services	8,990
Safe Water Administration Fee	495
Salaries	25,732
System Repair and Maintenance	2,025
System Supplies and Expense	5,488
Taxes-Payroll	1,931
Telephone and Utilities	13,133
Travel and Training	<u>465</u>
TOTAL OPERATING EXPENSES	<u>114,038</u>
OPERATING INCOME	2,128
NON-OPERATING REVENUES	
Interest Income	<u>744</u>
TOTAL NON-OPERATING REVENUES	<u>744</u>
INCOME BEFORE OPERATING TRANSFERS	2,872
OPERATING TRANSFERS TO OTHER FUNDS	
Transfer Out to General Fund	<u>(35,890)</u>
TOTAL OPERATING TRANSFERS TO OTHER FUNDS	<u>(35,890)</u>
CHANGE IN NET ASSETS	(33,018)
TOTAL NET ASSETS - BEGINNING	<u>1,359,352</u>
TOTAL NET ASSETS - ENDING	<u>\$1,326,334</u>

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Water and Sewer Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 107,510
Cash Payments for Goods and Services	(45,555)
Cash Payments for Salaries and Wages	<u>(25,494)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>36,461</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Transfers to General Fund	<u>(35,890)</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(35,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>788</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>788</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,359
CASH AT BEGINNING OF YEAR	<u>37,762</u>
CASH AT END OF YEAR	<u>\$ 39,121</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 2,128
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities--	
Depreciation	41,049
(Increase) Decrease in Accounts Receivable	(10,148)
(Increase) Decrease in Prepaid Insurance	(77)
Increase (Decrease) in Accounts Payable	569
Increase (Decrease) in Accrued Payroll	238
Increase (Decrease) in Accrued Expenses	1,210
Increase (Decrease) in Customers' Deposits	<u>1,492</u>
Total Adjustments	<u>34,333</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 36,461</u>

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

The Village of North Hodge, Louisiana, was incorporated August 5, 1953, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Village of North Hodge, Louisiana, conform to governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Village has chosen not to do so. The accounting and reporting procedures conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audit and Accounting Guide for State and Local Governmental Units, published by the American Institute of Certified Public Accountants. The more significant accounting policies established in GAAP and used by the Village are discussed below.

In June, 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

- (1) A Management's Discussion and Analysis section providing an analysis of the overall financial position and results of operations for the Village of North Hodge.
- (2) Financial statements prepared using full accrual accounting for all of the activities of the Village of North Hodge.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The Village has elected to implement the general provisions of the Statement in the current year and chose not to retroactively report infrastructure assets (i.e., general infrastructure assets acquired or constructed prior to January 1, 2004, are not reported in the financial statements).

A. Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Village of North Hodge is considered a primary government, since it is a general purpose local government that has an elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Component units can be identified by financial accountability and whether exclusion would create misleading or incomplete financial statements. No component units were identified for the Village of North Hodge.

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The accounts of the Village of North Hodge are organized and operated on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Furthermore, each category is divided into separate "fund types." The fund categories used by the Village of North Hodge are governmental funds and proprietary funds. Governmental funds account for the Village's general activities, including general and administrative services, police protection, street maintenance, and sanitation. Proprietary funds account for the operation of the Village's water and sewer system.

C. Basic Financial Statements--Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's police protection, highways and streets, sanitation, and general administrative services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column. They are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts--invested in capital assets, restricted net assets, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net costs of each of the Village's functions and business-type activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. The net costs (by function or business-type activity) are normally covered by general revenue (taxes, interest income, etc.). The Village does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

D. Basic Financial Statements--Fund Financial Statements

The financial transactions of the Village of North Hodge are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following funds are used by the Village of North Hodge:

Governmental Funds--The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village of North Hodge:

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds--The focus of proprietary fund measurement is upon determination of operating income, changes in net asset, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

Enterprise Funds - Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity establishes fees and charges based on a pricing policy designed to recover similar costs.

E. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The revenues susceptible to accrual are franchise fees, interest income, and intergovernmental revenues. All other governmental fund revenues are recognized when received.

F. Budgetary Practices

The Village of North Hodge, Louisiana, adopted an operating budget, on a basis consistent with generally accepted accounting principles, on its general fund for the year ended September 30, 2008, as required by Louisiana law. Budgetary data utilized in preparing the operating budget is gathered from actual prior year operating revenues and expenditures and from expected and known changes in future revenues and expenditures. It is monitored by management and amended throughout the year as necessary. Prior to the year ended September 30, 2008, the Village adopted an amended budget for the general fund approving revisions to revenues and expenditures. The budget is established and controlled by the Village at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended.

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Cash and Investments

Under state law, the Village of North Hodge may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal office in Louisiana. Deposits are carried at cost which approximates market value.

Cash and cash equivalents consist of demand deposits, interest-bearing demand deposits, and time deposits with original maturities of three months or less from date of acquisition. Under state law, the Village of North Hodge may invest funds in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value.

H. Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use, as described below:

A "customer deposit" account is used to report amounts being held for customers' meter deposits. A corresponding liability is presented to record these funds held by the enterprise fund.

The Village received grants for specific purposes. The proceeds from these grant were deposited into a separate account and are restricted to the purpose for which they were approved. A corresponding liability is recorded for amounts payable on the project.

I. Compensated Absences

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as other outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

L. Equity Classifications

Government Wide Statements--Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt--Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b. Restricted net assets--Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets--All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements--Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Proprietary fund equity is classified the same as government wide statements.

M. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, all cash and cash equivalents are considered cash regardless of whether there are restrictions on their use.

N. Receivables

Ad valorem tax and proprietary fund receivables are shown net of an allowance for uncollectible amounts. Estimated uncollectible amounts are recognized as a reduction in revenue in the general fund and as bad debt expense in the proprietary fund through an allowance established based upon collection experience and other factors which indicate possible uncollectibility.

Ad Valorem taxes are levied on a calendar year basis and become delinquent on December 31. The Village bills and collects its own Ad Valorem taxes. For the 2007 Ad Valorem Taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.40 mills for the general maintenance of the Village. This millage was approved by the Village Council June 5, 2007. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended September 30, 2008, taxes of \$5,117 were levied on property. Taxes receivable at September 30, 2008 consisted of the following:

Taxes Receivable	\$ 671
Allowance for Uncollectible Taxes	<u>0</u>
Net Ad Valorem Taxes Receivable	<u>\$ 671</u>

The following are the principal taxpayers and their related ad valorem tax revenue for the Village:

Longleaf Estates	\$ 486
Turner Industries	227
BellSouth Telecommunications	<u>194</u>
Total	<u>\$ 907</u>

By special election, duly called and duly held, on July 11, 1981, the qualified electors of the Village of North Hodge authorized a one cent sales and use tax levy, as defined in Louisiana R.S. 47:301 to Louisiana R.S. 47:317, to be dedicated and used for the purpose of providing funds for any lawful corporate purpose of the Village. The Village adopted Ordinance Number 177 on August 13, 1981, whereby this tax was levied from and after October 1, 1981.

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Water and Sewer Systems	10-50 years
Machinery, Equipment, and Furniture	5 to 10 years

General infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before January 1, 2004, are excluded from capital assets.

P. Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Q. Prepaid Insurance

Payments made to insurance companies for insurance coverage that will benefit periods beyond September 30, 2008, are recorded as prepaid items in the asset section of the fund financial statements balance sheet.

NOTE 2 - CASH

At September 30, 2008, the Village has cash and restricted cash (book balances) totaling \$47,263 and a certificate of deposit (book balance) of \$5,000, as follows:

	Cash	Certificate of Deposit
Cash on Hand	\$ 200	\$ 0
Demand Deposits	26,930	0
Time Deposit	42,632	5,000
Total	<u>\$ 69,762</u>	<u>\$ 5,000</u>

The Village maintains its cash accounts at a local bank which provides Federal Deposit Insurance Corporation (FDIC) coverage of \$100,000 for all demand deposits and \$100,000 for all time deposits (time deposits are defined as any interest bearing account). At September 30, 2008, the Village has \$75,401 in deposits (collected bank balances), which is secured from risk by FDIC insurance.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3 - INTERFUND RECEIVABLE/PAYABLE

Interfund receivables and payables are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 6,751	\$ 125
Utility Fund	125	6,751
Totals	<u>\$ 6,876</u>	<u>\$ 6,876</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of customer billings for water and sewer usage. There were twenty-one customer accounts totaling \$676 with a past due balance at September 30, 2008; all of these accounts were active at year end. Accounts receivable, including the allowance for uncollectible accounts at September 30, 2008, was as follows:

Water Sales and Sewer Charges Receivable	\$ 16,981
Less: Allowance for Doubtful Accounts	<u>0</u>
Net Accounts Receivable	<u>\$ 16,981</u>

NOTE 5 - RESTRICTED ASSETS

Restricted assets for the general fund were applicable to the following at September 30, 2008:

Street Maintenance	<u>\$ 22,500</u>
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Restricted assets for the proprietary fund were applicable to the following at September 30, 2008:

Customers' Deposits	\$ 15,626
Utility Relocation Costs Payable	<u>230</u>
Total	<u>\$ 15,856</u>

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2008, for the Village is as follows:

	Beginning Balance <u>10/01/07</u>	Additions	Deletions	Ending Balance <u>09/30/08</u>
Government Activities:				
Capital Assets				
Land	\$ 2,275	\$ 0	\$ 0	\$ 2,275
Buildings	15,370	0	0	15,370
Equipment	<u>33,248</u>	<u>45,241</u>	<u>16,163</u>	<u>62,326</u>
Total Capital Assets	<u>50,893</u>	<u>45,241</u>	<u>16,163</u>	<u>79,971</u>
Less Accumulated Depreciation				
Buildings	15,370	0	0	15,370
Equipment	<u>21,595</u>	<u>3,017</u>	<u>16,163</u>	<u>8,449</u>
Total Accumulated Depreciation	<u>36,965</u>	<u>3,017</u>	<u>16,163</u>	<u>23,819</u>
Governmental Capital Assets, Net	<u>\$ 13,928</u>	<u>\$ 42,224</u>	<u>\$ 0</u>	<u>\$ 56,152</u>

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

Capital Assets

Land	\$ 20,127	\$ 0	\$ 0	\$ 20,127
Buildings	1,955	0	0	1,955
Machinery and Equipment	37,081	0	2,014	35,067
Water and Sewer Systems	<u>1,972,739</u>	<u>0</u>	<u>0</u>	<u>1,972,739</u>
Total	<u>2,031,902</u>	<u>0</u>	<u>2,014</u>	<u>2,029,888</u>

Less Accumulated Depreciation for:

Buildings	1,955	0	0	1,955
Machinery and Equipment	31,210	2,383	2,014	31,579
Water and Sewer Systems	<u>665,042</u>	<u>38,666</u>	<u>0</u>	<u>703,708</u>
Total Accumulated Depreciation	<u>698,207</u>	<u>41,049</u>	<u>2,014</u>	<u>737,242</u>

Business-Type Capital

Assets, Net	\$ <u>1,333,695</u>	\$ <u>(41,049)</u>	\$ <u>0</u>	\$ <u>1,292,646</u>
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Depreciation expense of \$3,017 for the year ended September 30, 2008, was charged to the following governmental functions:

General Government	\$ 1,091
Police	625
Highways and Streets	<u>1,301</u>
Total Governmental Depreciation Expense	\$ <u>3,017</u>

NOTE 7 - INTERFUND TRANSACTIONS AND BALANCES

Interfund operating transfers are as follows:

	Transfers In	Transfers Out
General Fund	\$ 35,890	\$ 0
Water and Sewer Fund	<u>0</u>	<u>35,890</u>
Totals	\$ <u>35,890</u>	\$ <u>35,890</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in a fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 - COMPENSATION PAID THE ALDERMEN

The amount of compensation paid each board member for the year ended September 30, 2008, is as follows:

Sarah Fitzpatrick	\$ 2,640
Travis Hall	2,640
David Womack	<u>2,640</u>
Total	\$ <u>7,920</u>

See accountant's review report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 9 - COMMITMENTS

As of September 30, 2008, the Village of North Hodge had been approved for a Louisiana Community Development Block Grant for a street project. The total cost of this project is estimated at \$213,000. The State will fund this project up to \$213,000. No commitments had been made for this project as of September 30, 2008.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART II)**

VILLAGE OF NORTH HODGE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
--BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 16,000	\$ 14,000	\$ 17,881	\$ 3,881
Franchise	7,500	7,500	9,263	1,763
Ad Valorem	5,025	5,725	4,702	(1,023)
Licenses and Permits	3,800	3,400	3,361	(39)
Interest	0	0	19	19
Intergovernmental:				
Right-of-Way Maintenance	0	0	1,440	1,440
Street Maintenance Grant	0	0	7,500	7,500
Office Furniture & Equipment Grant	0	0	24,808	24,808
Police Car Grant	0	0	15,000	15,000
Fines and Forfeitures	13,000	21,500	20,061	(1,439)
Charges for Services	300	300	150	(150)
Miscellaneous	250	1,400	1,252	(148)
TOTAL REVENUE	<u>45,875</u>	<u>53,825</u>	<u>105,437</u>	<u>51,612</u>
EXPENDITURES				
General Government	37,770	41,420	54,043	(12,623)
Police	19,300	22,350	23,774	(1,424)
Highways and Streets	6,650	8,000	8,123	(123)
Sanitation	50	50	0	50
Capital Outlay	0	0	45,241	(45,241)
TOTAL EXPENDITURES	<u>63,770</u>	<u>71,820</u>	<u>131,181</u>	<u>(59,361)</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(17,895)	(17,995)	(25,744)	(7,749)
OTHER FINANCING SOURCES				
Operating Transfer In--Utility Fund	17,895	17,995	35,890	17,895
Sale of General Fixed Assets	0	0	2,589	2,589
TOTAL OTHER FINANCING SOURCES	<u>17,895</u>	<u>17,995</u>	<u>38,479</u>	<u>20,484</u>
EXCESS OF REVENUES				
AND OTHER SOURCES OVER				
EXPENDITURES	0	0	12,735	12,735
FUND BALANCE-BEGINNING	<u>2,000</u>	<u>2,000</u>	<u>29,970</u>	<u>27,970</u>
FUND BALANCE-ENDING	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 42,705</u>	<u>\$ 40,705</u>

See accountant's review report.

AGREED-UPON PROCEDURES

DON M. MCGEHEE

(A Professional Accounting Corporation)

P.O. Box 1344

205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Honorable Geraldine Causey, Mayor and
Board of Aldermen
Village of North Hodge
P.O. Box 520
Hodge, Louisiana 71247

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Village of North Hodge and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of North Hodge's compliance with certain laws and regulations during the year ended September 30, 2008 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There was one expenditures made during the year for materials and supplies exceeding \$20,000, and there were no expenditures made during the year for public works exceeding \$100,000. I examined documentation which indicated that this expenditure had been properly made in accordance with the provisions of LSA-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of the mayor and each alderman as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of the mayor, each alderman, and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and all amendments to the budget.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the budget to the minutes of a meeting held on September 4, 2007, which indicated that the budget had been adopted by the mayor and board of aldermen of the Village of North Hodge. The mayor and board of aldermen adopted amendments to the budget in a meeting held on June 3, 2008, according to the minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budget amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year did not fail to meet budgeted revenues by more than 5%, but actual expenditures did exceed budgeted amounts by more than 5%. Actual expenditures were about 83% more than budgeted.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the mayor.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 - 12 (the open meetings law).

The Village of North Hodge is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's town hall. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas for eighteen of the twenty-one meetings held during the year.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

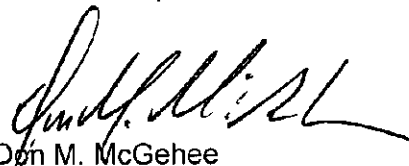
Advances and Bonuses

11. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of minutes of the Village for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

I am not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Village of North Hodge and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Don M. McGehee
Certified Public Accountant
March 30, 2009

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

3/17/09 (Date Transmitted)

Don M McGehee
P O Box 1344
Ruston, La 71273-1344

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [☒] No [☒]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☒] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [☒] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Ann Hill clerk 3/17/09 Date
~~Secretary~~

Treasurer _____ Date

Geraldine Causey President 3/17/09 Date
GERALDINE CAUSEY MAYOR

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<div data-bbox="716 761 899 821" data-label="Text"><p>OTHER</p></div>

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SECTION I AGREED-UPON PROCEDURES REPORT

FINDINGS

STATUS

2007-1.Unfavorable Budget Variance. The general fund had an unfavorable budget variance.	Unresolved. See 2008-1.
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VILLAGE OF NORTH HODGE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SECTION I AGREED-UPON PROCEDURES REPORT

FINDINGS

2008-1.Unfavorable Budget Variance. The general fund had an unfavorable budget variance of 82% for expenditures. According to state law, the budget should be amended when anticipated amounts exceed budget estimates by more than 5%. I recommend that budget variances be monitored and that the budget be amended when anticipated amounts exceed budget amounts by more than 5%.

2008-2. Lack of Evidence that Agendas for all Meetings were Posted. The Village is required by state law to post agendas for all meetings. I found no evidence that three of the twenty-one meetings had agendas posted as required by state law. I recommend that the clerk file the agendas posted with the minutes.

MANAGEMENT'S RESPONSES

The Village clerk will monitor the 2009 budget variances and notify the mayor when budget amendments appear to be needed.

The Village clerk will file posted agendas with the minutes of each meeting.